

CITY OF MENDOTA HEIGHTS
DAKOTA COUNTY
STATE OF MINNESOTA

Minutes of the Regular Meeting
Held Tuesday, December 16, 2008

Pursuant to due call and notice thereof, the regular meeting of the City Council, City of Mendota Heights, Minnesota was held at 7:00 p.m. at City Hall, 1101 Victoria Curve, Mendota Heights, Minnesota.

CALL TO ORDER

Mayor Huber called the meeting to order at 7:00 p.m. The following members were present: Councilmembers Duggan, Krebsbach, Schneeman and Vitelli.

PLEDGE OF ALLEGIANCE

Council, the audience and staff recited the Pledge of Allegiance.

AGENDA ADOPTION

Mayor Huber moved Item 6H for discussion after the budget approval discussion. Councilmember Vitelli moved adoption of the agenda as presented. Councilmember Vitelli seconded the motion.

Ayes: 5

Nays: 0

APPROVAL OF MINUTES

Councilmember Duggan moved to approve the minutes of December 2, 2008 as presented. Commissioner Vitelli seconded the motion.

Ayes: 5

Nays: 0

CONSENT CALENDAR

Councilmember Duggan moved approval of the consent calendar as presented, pulling items c, d, f and h for further discussion, and authorization for execution of any necessary documents contained therein.

- a. Acknowledgement of the NDC4 Meeting Minutes and Agenda.
- b. Acknowledgement of the Fire Department November 2008 Monthly Report.
- c. Authorization to Replace Playground at Victoria Highlands Park.
- d. Approval of NDC4 Proposed 2009 Budget.

- e. Approval of Sign Permit for 1150 Centre Point Curve, Suite #9 – Howry Residential Services.
- f. Approval of Sign Permit for 1256 Mendota Heights Road – ARRT.
- g. Approval of 2009 Pay Equity Implementation Report for 2008 Compliance.
- h. Adoption of Resolution No. 08-90: “A RESOLUTION AMENDING PAY CLASSIFICATION SCHEDULE FOR NON ORGANIZED EMPLOYEES TO REFLECT A 3.0 PERCENT ANNUAL ADJUSTMENT FOR 2009,” and Resolution No. 08-91: “A RESOLUTION ADOPTING A SCHEDULE OF COMPENSATION FOR CERTAIN EMPLOYEES FOR 2009 AND ESTABLISHING CERTAIN OTHER BENEFITS”.
- i. Adoption of Resolution No. 08-92: “A RESOLUTION CERTIFYING DELINQUENT UTILITY CHARGES TO THE DAKOTA COUNTY AUDITORS FOR COLLECTION WITH REAL ESTATE TAXES”, and Resolution No. 08-93: “A RESOLUTION CERTIFYING UNPAID WEED CUTTING CHARGES”.
- j. Approval of the List of Contractors, dated December 11, 2008.
- k. Approval of the list of Tobacco Licensed dated December 16, 1008.
- l. Approval of the List of Claims, dated December 16, 2008, totaling \$264,149.86.

Councilmember Vitelli seconded the motion.

Ayes: 5

Nays: 0

Councilmember Schneeman asked to have item #c pulled and said the Council had asked Staff to come back to the Council with a revised plan. Staff did come back with a plan for \$48,000 (\$10,000 less than the previous proposal). Councilmember Schneeman said she really likes the new plan with a shelter.

Councilmember Duggan moved to approve the replacement of the playground at Victoria Highlands Park as presented.

Councilmember Vitelli seconded the motion.

Ayes: 5

Nays: 0

Councilmember Schneeman asked to have item #d pulled and said the health insurance bid for the NDC4 was very high, a 22% increase.

Councilmember Schneeman suggested that the NDC4 seek out other insurance providers.

Councilmember Schneeman moved to approve the NDC4 Proposed 2009 Budget as presented.

Councilmember Duggan seconded the motion.

Ayes: 5

Nays: 0

Councilmember Krebsbach asked to have item f pulled and said she is wondering if there is a new standard, referring to the different proposed signage. Councilmember Krebsbach asked if the business owner also owns the building. City Administrator Jim Danielson said they do. Councilmember Krebsbach asked if United Properties is fine with this. Mr. Danielson said he is not sure.

Councilmember Duggan noted that the cost of this sign is significantly different than the proposed sign for 1150 Centre Point Curve, Suite #9 – Howry Residential Services.

Councilmember Krebsbach moved to approve subject to the approval of United Properties.

Councilmember Vitelli seconded the motion.

Ayes: 5

Nays: 0

FIRE TRUCK FINANCING

Finance Director Kristen Schabacker said that at the last meeting, the Council approved a bid for the new fire truck. At this time, the Council needs to decide how to pay for the truck. There are two options: 1) issue equipment certificates for a 10-year duration, or 2) use some of the reserve funds to purchase the truck out right.

Councilmember Krebsbach said the State Auditor recommends a 35% to 40% operating fund reserve and asked what if the city exceeds this. Ms.

Schabacker said the city would have to explain why they are doing that. Councilmember Krebsbach asked if the city is in the position to do that. Ms. Schabacker said the city could, and there would probably be several reasons why the fund balance is higher than the 50%.

Councilmember Vitelli said the city is making a decision on whether they buy a \$450,000 truck by either using cash reserves held by the city or taking out a loan (equipment certificate).

Councilmember Vitelli said the calculations say that if a loan is taken out, it would be at a time when the interest rates are extremely low. Councilmember Vitelli said this is an opportunity to save the taxpayers and city \$136,000 over the next 10 years by taking out the loan and allow the reserve funds to stay in reserve and yield a return of over 4.5%. The general fund reserve is about one year's operating cost for the city. In this economy, it would be good policy to maintain the reserve, particularly based on the difference between the yield and the low cost of taking out the equipment certificates.

Councilmember Vitelli recommends taking out the loan and saving the reserves.

Mayor Huber said it is financially prudent for a city to have a certain amount of adequate reserves and agrees that by borrowing at very low rates and investing the reserves at higher rates, it is hoped that the interest rates will go up in the next few years. For a "for-profit" enterprise or a personally doing this it would make sense.

Mayor Huber said the city should generally act like a business, but there is a situation here where it becomes a point where he does not think a city should retain the taxpayers wealth beyond a reasonable point. Mayor Huber believes that with the levy limits that the city is now living with, the city is almost barred from giving the taxpayers their money back. If the city were to cut taxes to the residents for something other than the fire truck purchase, that would actually penalize the city for

the next two years under the way the state's levy limits work. The city does not then have the opportunity to give the residents their money back but in this case it can. Mayor Huber said the city could purchase the truck outright and give the opportunity to the residents to get their money back because they will not be getting taxed to pay for the purchase. Mayor Huber said the city has very adequate reserves and reminded everyone that the city received about \$700,000 late in 2007 when the TIF district decertified.

Councilmember Vitelli said he understands the Mayor's reasoning, however he thinks that over the next 10 years there will be other opportunities to use the reserves for other projects.

Mayor Huber said there has been no real debate on the need for this new truck, as the old one is still in good shape, and questioned whether this really is the appropriate time to buy.

Councilmember Krebsbach asked which option has the most impact on the bond rating. Ms. Schabacker said neither option will impact the bond rating. Councilmember Krebsbach asked if the debt can be paid off out of the reserves. Ms. Schabacker said that is possible, keeping the money a certain amount of time before prepaying. Ms. Schabacker said she will confirm back to the Council on this.

City Attorney Tami Diehm said for practical purposes, the city may want to take some other costs and use some of the reserves for that cost, therefore managing the levy.

Councilmember Krebsbach asked if the city were to take this out of the general fund, would that reduce the tax levy by \$3 to \$6 per homeowner. Ms. Schabacker said it was more like \$8 to \$12, and it depends on the value of the home.

Councilmember Krebsbach asked if the city gets the discounts no matter which way it is funded. Ms. Schabacker said the city can prepay it in December and issue the debt at some point next year. Ehlers

and Associates has suggested issuing the debt when the debt is issued for next year's street reconstruction project because the city would save on issuance costs. This would be an \$18,000 savings. Ms. Schabacker said the city could earn more interest by leaving the funds in reserve and issuing the debt than just paying for it out right and using up the reserves.

Councilmember Duggan recently talked to various members of the community who asked if the city had the money, and where did the money come from. Councilmember Duggan said the residents asked why the city would be taking more money from the people (by raising taxes and incurring debt rather than using the reserve funds). Councilmember Duggan asked why not use this money that has already been taken from the people and use it for this purchase rather than saving it. He supports purchasing the truck out right.

Councilmember Schneeman said, after seeking some advice, she would be in favor of issuing the equipment certificates and keep the reserve intact because of the uncertainty of the future.

Councilmember Krebsbach said that paying for the truck outright will not reduce the levy for the individual, but would over time be saving \$136,000.

Mayor Huber said that if taking the \$136,000 and gave it back to the citizens, his guess is that it will get spent and does not believe the city is saving the residents anything.

Councilmember Vitelli moved to purchase the fire truck using equipment certificates, saving the taxpayers \$136,000.

Councilmember Schneeman seconded the motion.

Ayes: 3

Nays: 2 (Mayor Huber, Councilmember Duggan)

HEARING: 2008 TAX LEVY

Ms. Schabacker said the city held its initial Truth In Taxation hearing on Monday, December 1, 2008 and continued the hearing to this evening. Nothing has changed in the budget and levy since then.

Councilmember Duggan moved to close the public hearing.

Councilmember Krebsbach seconded the motion.

Ayes: 5

Nays: 0

Councilmember Duggan moved to adopt Resolution No. 08-94: "A RESOLUTION APPROVING FINAL 2008 TAX LEVY COLLECTIBLE IN 2009 AND ADOPTING PROPOSED BUDGET FOR 2009."

Councilmember Vitelli seconded the motion.

Ayes: 5

Nays: 0

PAY CLASSIFICATION

Councilmember Krebsbach said she is interested in looking at the staffing and wages going forward in light of the economic situation.

Councilmember Krebsbach moved to adopt Resolution No. 08-90: "A RESOLUTION AMENDING PAY CLASSIFICATION SCHEDULE FOR NON ORGANIZED EMPLOYEES TO REFLECT A 3.0 PERCENT ANNUAL ADJUSTMENT FOR 2009" , and Resolution No. 08-91: "A RESOLUTION ADOPTING A SCHEDULE OF COMPENSATION FOR CERTAIN EMPLOYEES FOR 2009 AND ESTABLISHING CERTAIN OTHER BENEFITS".

Councilmember Duggan seconded the motion.

Ayes: 5

Nays: 0

MENDOTA MALL UPDATE

Assistant to the City Administrator Jake Sedlacek gave a progress report, which was submitted in the packets, showing two columns of information depicting what has been done and what needs to still be done. Councilmember Krebsbach said a third column should be added to show comments by the Council, referring to items that are still not completed as far as the Council is concerned.

Mr. Sedlacek said this update is primarily to show the status of the application process at this time.

Staff is looking for some feedback from the Council to take back to the developer on where they need to go with their application.

Staff feels that the phasing documents are quite full, talking about every step of the process they will be going through.

The developer has met all the requirements on the architecture for future phase buildings, which also shows that the developer has a specific model in mind for the housing (similar to the Southview Living Building in West St. Paul). Drawings have been provided showing the day care and office buildings.

Councilmember Vitelli said the third column as suggested by Councilmember Krebsbach is very important, and should be titled "Submitted" and not "Complete".

Councilmember Duggan said the PUD requires the applicant to provide a full rendering in relation to everything they are doing and the Council is entitled to have all that information up front. Mr. Sedlacek said the applicant has not provided that yet and is hoping that what they are providing in response to watching the Council meetings is enough.

Mayor Huber said he is concerned that although the Council is talking and agreeing on items during their meetings (placing those comments in the new third column), it does not mean they are officially approving anything. Councilmember Krebsbach said these comments are for the purpose of Council reviews.

Councilmember Duggan said he would still like to see some feasibility studies. Mr. Sedlacek said Staff has requested that a feasibility study for the whole site is to be completed.

Mayor Huber suggested that if the applicant has concerns on proprietary issues, they should have their attorney talk to Staff and / or City Attorney Diehm. Ms. Diehm said this has been discussed and they are comfortable in doing that.

Councilmember Vitelli thanked Mr. Sedlacek and Public Works Director John Mazzitello for their work in continually bird-dogging this.

Councilmember Duggan said traffic has not been well addressed, particularly the impact on Dodd Road at the entrance by the gas station. Mr. Sedlacek said Staff has signed off on the traffic report, and asked if Council feels it might be necessary to spend money on another traffic report. Councilmember Krebsbach asked who paid for the first one. Councilmember Duggan replied that it was paid by Paster Enterprises.

Councilmember Krebsbach said she believes the Council should look at traffic again. Mr. Sedlacek said traffic should be addressed at this time. Mr. Mazzitello said he requested to the applicant's engineers an explanation of how they came to the conclusions that they did. Mr. Mazzitello said he received that information today and has not had a time to review it fully, and will communicate to the Council via email on his findings. Councilmember Schneeman said she would like to have Mr. Mazzitello's comments on this documentation as well.

Mr. Mazzitello said the traffic report is written in phases, and there are numbers shown for the build-out alternatives into the year 2013 showing the level of service remains the same as it is in the no-build out alternative. However, what does change in the traffic report is the queuing distance at signals and stop signs that does get longer. Two improvements that are recommended in the report are to extend the right turn lane from eastbound Highway 110 to southbound Dodd Road, and to extend the left turn lane from westbound Highway 110 to southbound Dodd Road.

Mr. Mazzitello said in respect to the phasing, he forwarded to Ms. Diehm the Developers Agreement, and some language on what happens if the traffic level of service does degrade in the future as the next phase is built out. Mr. Mazzitello said

there are typically developer driven improvements and the developer would have to get the permits from MnDOT. Mr. Mazzitello said it is his understanding that these are proposed to be put in at the second phase of the development.

Councilmember Duggan asked if the applicants will provide proof that they have the consent from MnDOT and Dakota County in relation to those extended access lanes? Mr. Mazzitello said Staff can request this be provided, although MnDOT is not in the habit of giving approval to things that are not actual permit applications.

Councilmember Krebsbach said she would like to see where that the built out right of way comes in. Mr. Mazzitello said the new plans that were just submitted show the right turn lane in to the right in/right out on the northeast corner of the property.

Mr. Sedlacek said the developer has agreed to include language in the Developers Agreement that if there is a change in traffic needs in the area related to the development, they will fix that.

Councilmember Krebsbach said she is concerned about the impact on Dodd Road and the possibility of this road being widened. Mr. Mazzitello said there is nothing in the plans at this point showing the widening of Dodd Road.

Mayor Huber said there should be an exchange of some substantial representation of what the Developers Agreement will look like. Mr. Sedlacek said legal counsel has been working on this, realizing some of the concerns need more addressing by the Council such as hours of operations.

Councilmember Krebsbach said she does not feel the Council should be put under pressure in relation to time if they do not feel the Developers Agreement contains everything that is needed. Mr. Sedlacek said the 120 day extension will expire on February 1, 2009 and it is Staff's understanding that

there will not be a full Council at either meeting in January.

Mayor Huber asked Mr. Sedlacek if he had any indications from Paster Enterprises that the applicant will not be ready by January 6th. Mr. Sedlacek said they would like to bring it forward on January 6th.

It was the consensus that everyone will be available at both January meetings.

Mayor Huber asked Mr. Sedlacek to inform the Council should he hear from the applicant that the applicant will not be ready on January 6th, and if that is so, then the Council will have to ask for another extension after February 1st.

Councilmember Vitelli asked what the Council will be approving on January 6th. Mayor Huber said the Council will be approving the whole application subject to successful negotiation of the Developers Agreement, final plat, final PUD. Mr. Sedlacek said all the other documents such as performance bonds will come a month afterwards. Mayor Huber said it seems that the most difficulty will be agreeing on the Developers Agreement. Councilmember Krebsbach said there will be some deal-breakers such as the Walgreen's agreement.

Councilmember Duggan said it would be wonderful if the information could be sent to the Council well in advance to give the Council time to study over the holiday.

Councilmember Duggan suggested a sample of a preliminary Developer's Agreement be sent to the Council to give the Council a sense of what the details are that go into these documents, or get a copy of a previous Developer's Agreement to give to Paster Enterprises to let them know what has been done at the Village. Mr. Sedlacek said Staff has already provided them with one agreement which is much more detailed as well as one that is more "bare bones". Ms. Diehm said the developer

is aware that the city will be putting together a first draft, working with Tom Hart.

COUNCIL COMMENTS

Councilmember Vitelli talked about the government cutting out the Local Government Assistance (LGA) and the City of Mendota Heights has never received any money.

Councilmember Vitelli said the cities of St. Paul and Minneapolis have been putting their hands out for the infrastructure funding program by the U.S. government and asked if the city had wishes such as having Highway 110 become a boulevard.

Councilmember Krebsbach said the boulevard would be great and noted that this would also be a storm water project. Councilmember Krebsbach said it would be nice to try to get some funding for the walking path/bridge. Councilmember Schneeman said St. Paul is hoping to refurbish their monuments and stairways.

Councilmember Schneeman wished everyone a Merry Christmas and Happy Holidays, thanking Staff for all their work on the Paster project.

Mayor Huber talked about an article in the Wall Street Journal written by wine experts. Mayor Huber said this article has been very well written, and noted that the article highlighted Kristen Kowalski, from Sage Market and Wine Bar.

Councilmember Krebsbach said she attended a luncheon recently in Golden Valley, where there was much talk about the Sage Market and Wine Bar as a “place to go”.

Councilmember Krebsbach said she would like to continue looking at working on the Highway 110 boulevard and bridge concept as this area could really use a upgrading.

Councilmember Duggan said Kristin Kowalski will be one of forty women judges at Santa Rosa in California in February. Councilmember Duggan said Bob Kowalski was also featured in Business Magazine.

Councilmember Duggan congratulated his son for receiving the prestigious CELIA award in relation to his ability to install and understand electronics.

Councilmember Duggan congratulated his wife for receiving the Diamond Award.

ADJOURN

There being no further business to come before the Council, Councilmember Schneeman moved to adjourn the meeting.

Councilmember Krebsbach seconded the motion.

Ayes: 5

Nays: 0

Time of Adjournment 8:39 p.m.

Rebecca Shaffer
Recording Secretary

ATTEST:

John J. Huber
Mayor